

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7130

BILL NUMBER: SB 250

NOTE PREPARED: Apr 29, 2007

BILL AMENDED: Apr 28, 2007

SUBJECT: Grain Buyers and Corn Marketing.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Grubb

BILL STATUS: Enrolled

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: *E85 Fuel Provisions:* This bill provides that the sales tax deductions for E85 may exceed the current statutory limit to the extent funds are available for reimbursement from the Corn Market Development Account. The bill also provides that 25% of the net amount collected in the Corn Market Development Account is used for deductions for the sale of E85.

Corn Marketing Council and Checkoff Fee: The bill provides that the term "first purchaser" does not include a buyer of corn who buys less than one hundred thousand (100,000) bushels of corn annually for the buyer's own use as seed or feed. (Current law sets the exemption at 50,000 bushels.) This bill provides that corn assessments do not apply to seed corn. The bill provides that a producer has 180 days to claim a refund. The bill also provides for an annual audit of the Corn Marketing Council (Council). This bill changes membership on the Council. The bill requires the Council to have an annual audit. The bill also provides that the Council may audit first purchasers. The bill provides that in three years if at least 25% of the assessments are refunded, the program terminates. The bill also provides that if the program does not terminate in three years, after the three years, the program terminates if for two consecutive years at least 25% of the assessments are refunded. This bill specifies that if the Corn Marketing Council requires an audit, the Council must pay for the audit.

Grain Buyers & Warehouse Licensing Fee Fund: The bill creates the Grain Buyers and Warehouse Licensing Agency License Fee Fund (Fund). The bill also provides that fees collected by the Grain Buyers and Warehouse Licensing agency are deposited in the fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *E85 Fuel Provisions:* The bill provides for 25% of the net amount collected in the Corn Market Development Account (CDMA) to be used for Sales Tax deductions for sales of E85. This provision will result in an increase in administrative expenditures for the Department of State Revenue (DOR). The DOR will need to amend Sales Tax forms, procedures, and software. It is anticipated these changes could be implemented through the use of existing staff and resources.

Explanation of State Revenues: *E85 Fuel Provisions:* This bill provides for 25% of the net amount collected in the CDMA to be used for Sales Tax deductions for sales of E85. The bill also provides that the amount of funds from the CMDA for Sales Tax deductions are to be in addition to the statutory cap on these deductions. As of March 23, 2007, the sum of all Sales Tax deductions claimed for E85 was approximately \$41,000 for all taxpayers in all reporting periods from when the deduction became effective July 1, 2006. To the extent that these changes allow more Sales Tax deductions beyond the current statutory cap amount Sales Tax collections will decrease. This decrease in Sales Tax collections will be offset by a reimbursement from the corn checkoff assessments. The amount of corn checkoff assessments that may be collected are indeterminable, and will ultimately depend upon the number of producers who request refunds as permitted under this bill, and under current law.

Corn Marketing Council and Checkoff Fee: The bill changes the corn checkoff assessment language from "permitted on" to "shall be collected on" all corn sold in Indiana. The bill exempts the first 100,000 bushels of corn purchased for the buyer's own use as seed or feed. The impact of these changes are indeterminable, and will ultimately depend upon the ability of the Corn Marketing Council (CMC) to collect this checkoff fee from corn buyers in Indiana.

The bill also provides that the corn checkoff assessment is required to be refunded to any producer who sells corn, and then files a written application for refund within 180 days. The bill provides that in three years if at least 25% of the assessments are refunded, the program terminates. The bill also provides that if the program does not terminate in three years, after the three years, the program terminates if for two consecutive years at least 25% of the assessments are refunded. All of these provisions will have an impact on state revenues both to the extent of fees collected.

Grain Buyers & Warehouse Licensing Fee Fund: The Grain Buyers and Warehouse Licensing Agency is a division within the Department of Agriculture (IDOA). The agency collected approximately \$160,000 in fees for licenses and inspections for FY 2006. Currently, these fees are deposited in the state General Fund. The bill provides that the fees would be deposited in the newly established Grain Buyers and Warehouse Licensing Agency License Fee Fund to be used to finance the operations of the agency. The agency currently is funded through the IDOA, which is financed, in part, through state General Fund appropriations.

In addition to the fees collected above, the fund would also consist of gifts, bequests, and appropriations made by the General Assembly. Expenses of administering the fund must be paid from money in the fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments must be deposited in the fund. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDOA.

Local Agencies Affected:

Information Sources: Dennis Henry, Audit Supervisor, IDOA, 317-232-1360;
<http://www.in.gov/igbwla/about>.

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